

APPENDIX 61

From: Aubel, Barbara(/O=WYCKOFF HEIGHTS MEDICAL CENTER/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=BAUBEL)
Date Sent: 10/26/2007 3:29:49 PM
To: Julius Romero; Paul Goldberg; Ajay Lodha; Ajay Lodha (E-mail)
CC:
Subject: FW:Meeting w/Tom, re: Caritas Student Program - Loans, Interests and Options A,B and C

Pls advise your availability to meet next Wed Oct 31 at Wyckoff, 8:30-9:30a on topic discussed in thread below.

Thanks

BA.

-----Original Message-----

From: Singleton, Tom [mailto:tom.singleton@ftihealthcare.com]
Sent: Friday, October 26, 2007 10:51 AM
To: Julius Romero
Cc: Aubel, Barbara
Subject: RE: Caritas Student Program - Loans, Interests and Options A,B and C

I would like to meet with Julius Paul and Dr L.

From: Julius Romero [mailto:JRomero@BQHCNY.ORG]
Sent: Friday, October 26, 2007 10:23 AM
To: Singleton, Tom
Subject: RE: Caritas Student Program - Loans, Interests and Options A,B and C

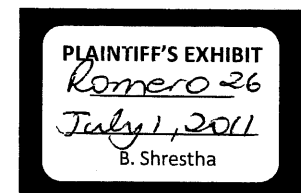
Tuesday is open.

Wednesday a.m.

From: Singleton, Tom [mailto:tom.singleton@ftihealthcare.com]
Sent: Fri 10/26/2007 10:21 AM
To: Julius Romero
Subject: RE: Caritas Student Program - Loans, Interests and Options A,B and C

What is your schedule next week? I would like to meet face to face.

From: Julius Romero [mailto:JRomero@BQHCNY.ORG]
Sent: Thursday, October 25, 2007 11:37 PM
To: Singleton, Tom



Subject: RE: Caritas Student Program - Loans, Interests and Options A,B and C

We could indeed infuse some cash with Plan B (and it is still available). I was exploring our long term relationships with the schools and the possibility of a monopoly by one school.

Plan B Scenario:

AUC is pulled out of Caritas. Ross gets exclusivity for the next three years, plus options for Year 4 and 5. We get \$1.3M. In a worst-case scenario, a fall-out by the residency programs or institution will make us responsible for unamortized payments plus interest of up to \$9.5M (initial \$5M plus \$4.5M). Slots lost at Caritas are guaranteed at Wyckoff as per both contracts.

Plan does not hurt us in the long run because we still pretty much control the foreign medical school market in the United States. Ross relies on Wyckoff+Caritas for 35% of its overall clinical operations; AUC is at about the same rate.

I am ready with B or C whenever you decide. To date, I have been shifting a lot of electives at Caritas from the BQHC and Wyckoff pools (well over 200% the volume from last year's SVCMC numbers) to 'attack' the accruing interests from the prepayments.

Main concern: Monopoly. Although unlikely, a fallout with Ross with Plan B could or will cause us to produce a large cash payback.

If we go with Plan B - I recommend an airtight exit, with a complete review of the agreement with AUC. I sent David Hoffman a copy of the contract last month. To maintain good relations, we can offer them electives and some cores (if Ross agrees).

Julius

From: Singleton, Tom [mailto:tom.singleton@ftihealthcare.com]

Sent: Thu 10/25/2007 11:15 PM

To: Julius Romero

Subject: RE: Caritas Student Program - Loans, Interests and Options A,B and C

It seems that plan B produces 1.3 million of immediate cash plus give us additional slots to sell. If this is correct plan b is tough to beat. What is the downside to plan B?

From: Julius Romero [mailto:JRomero@BQHCNY.ORG]

Sent: Thursday, October 25, 2007 4:24 PM

To: Richard Sarli; David Hoffman; Singleton, Tom

Subject: Caritas Student Program - Loans, Interests and Options A,B and C

Importance: High

The attached is AUC's counter offer -

Key items in this proposal:

1. Interest is rolled over.
2. Cap is 'relaxed' up to 20% above cap, allowing Caritas to schedule students from other schools, and increase core and elective capacity.

The situation:

Recently, AUC has demanded payment of accrued interests from Caritas. In addition, the school's finance department claimed, based on their interpretation of the agreement, that they are not responsible for unfilled/unscheduled core rotations from the guaranteed '50' positions reserved for AUC. The cap in the Caritas-AUC agreement restricts Caritas from expanding at its discretion.

In reaction, we have quietly discussed options (Plan B) and received feedback from Ross University.

Ross is offering Caritas \$4.5M for AUC's share of Caritas slots (Plan B).

Another option which may also discourage a 'monopoly' from Ross is Plan C. The attached note from AUC should be labeled as part of Plan C: allow AUC to continue its agreement (prepaid \$3.5m, 3 years, LIBOR+1), roll over the interest, relax the cap on expansion slots.

As part of Plan C - Ross may allow a roll over of the interest (prepaid \$5M, 4 years, LIBOR+1); in return, offer them unscheduled/ unfilled AUC slots plus any expansion slots*.

* Ross and AUC are given right of first refusal on up to 50% of any additional core clerkship slots.

Summary:

PLAN A - Ross and AUC; monthly (Ross) and quarterly (AUC) interest payments on unamortized prepaid fees (\$8.5M). To date, we have not submitted interest payments to both schools. AUC has recently complained about the payments and characterized the matter as a Default of the agreement.

PLAN B - Return AUC monies (approx. \$3.2M inclusive of interest as of 10/31/07); accept \$4.5M offer from Ross on AUC's vacated 50 slots. Release the cap.

PLAN C - Maintain Ross and AUC with modifications on the agreements namely: 1. roll over of any interest payments into more clerkship weeks, and 2. relaxation of the caps, based on agreed upon academic standards.

Excess slots may translate to increased teaching services to Ross and AUC students (or another qualified school) and appropriate fees back to Caritas.

All plans involve CORE clerkships only (Medicine, Surgery, Psychiatry, Ob/Gyn and Family Medicine). Electives encompass additional teaching services and revenue.

Your opinion/ comments matter.

Julius

From: kaplanbl@aol.com [mailto:kaplanbl@aol.com]
Sent: Tue 10/23/2007 1:13 PM
To: Julius Romero
Subject:

for your review - BLK

Email and AIM finally together. You've gotta check out free AOL Mail
<[http://o.aolcdn.com/cdn.webmail.aol.com/mailtour/aol/en-us/index.htm?ncid=AOLAO
F00020000000970](http://o.aolcdn.com/cdn.webmail.aol.com/mailtour/aol/en-us/index.htm?ncid=AOLAO
F00020000000970)> !

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